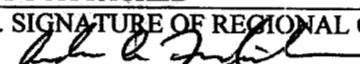


<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>  <b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		1. TRANSMITTAL NUMBER:  04-001	2. STATE  New Mexico
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
5. TYPE OF PLAN MATERIAL (Check One):  <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT		4. PROPOSED EFFECTIVE DATE  June 1, 2004	
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION:	7. FEDERAL BUDGET IMPACT: a. FFY04, June only                      \$ 505,233 b. FFY 05                                      \$5,800,760		
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Sec. 3-Services p. 19c, 20c Attachment 3.1-A p. 9c Supplement 3 to attachment 3.1-A pp. 1-6 Attachment 3.1-B p. 9	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Sec. 3-Services p. 19c, 20c Attachment 3.1-A p 9c Supplement 3 to Amendment 3.1-A p. 1 Attachment 3.1-B p. 9 Superceding 98-12		
10. SUBJECT OF AMENDMENT: To add as a full PACE provider, i.e., Medicaid and Medicare capitated to the New Mexico State Plan			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL                      State Medicaid Director			
13. TYPED NAME: Carolyn Ingram		16. RETURN TO:  Carolyn Ingram, Director Medical Assistance Division Human Services Department P.O. Box 2348 Santa Fe, NM 87504-2348 Attn: Consuelo "Sadi" Trujillo	
14. TITLE: Director, Medical Assistance Division		15. DATE SUBMITTED: May 10, 2004	
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED:    15 MAY 2004 * (corrected 179)	18. DATE APPROVED:    24 MAY 2004		
<b>PLAN APPROVED - ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1 JUNE 2004	20. SIGNATURE OF REGIONAL OFFICIAL: 		
21. TYPED NAME: ANDREW A. FREDRICKSON	22. TITLE:    ASSOCIATE REGIONAL ADMINISTRATOR DIV OF MEDICAID & CHILDREN'S HEALTH		
23. REMARKS:  * ORIGINAL AMENDMENT AND PLAN PGS. REC'D 3/2/04. (SHU)  <div style="text-align: right; font-family: cursive;">             New Mexico 104-001              approved: 05/24/04              effective: 06/01/04           </div>			

State of New Mexico  
 PACE State Plan Amendment Pre-Print

Citation 3.1(a)(1) Amount, Duration, and Scope of Services: Categorically Needy  
 (Continued)

1905(a)(26) and 1934

X Program of All-Inclusive Care for the Elderly (PACE) services, as  
 described and limited in Supplement 3 to Attachment 3.1-A.

ATTACHMENT 3.1-A identifies the medical and remedial services provided to the categorically needy. (Note: Other programs to be offered to Categorically Needy beneficiaries would specify all limitations on the amount, duration and scope of those services. As PACE provides services to the frail elderly population without such limitation, this is not applicable for this program. In addition, other programs to be offered to Categorically Needy beneficiaries would also list the additional coverage -that is in excess of established service limits- for pregnancy-related services for conditions that may complicate the pregnancy. As PACE is for the frail elderly population, this also is not applicable for this program.)

SUPERSEDED IN 98-12

STATE <u>New Mexico</u>	A
DATE REC'D <u>5-15-04</u>	
DATE APP'D <u>5-24-04</u>	
DATE EFF <u>6-1-04</u>	
HCFA 179 <u>04-01</u>	

State of New Mexico  
**PACE State Plan Amendment Pre-Print**

Citation 3.1(a)(2) Amount, Duration, and Scope of Services: Medically Needy (Continued)  
 1905(a)(26) and 1934

Program of All-Inclusive Care for the Elderly (PACE) services, as described and limited in Supplement 3 to Attachment 3.1-A.

ATTACHMENT 3.1-B identifies services provided to each covered group of the medically needy. (Note: Other programs to be offered to Medically Needy beneficiaries would specify all limitations on the amount, duration and scope of those services. As PACE provides services to the frail elderly population without such limitation, this is not applicable for this program. In addition, other programs to be offered to Medically Needy beneficiaries would also list the additional coverage -that is in excess of established service limits- for pregnancy-related services for conditions that may complicate the pregnancy. As PACE is for the frail elderly population, this also is not applicable for this program.)

CORREDES TN- 98-12

STATE <u>New Mexico</u>	A
DATE REC'D <u>5-15-04</u>	
DATE APPV'D <u>5-24-04</u>	
DATE EFF <u>6-1-04</u>	
HCFA 179 <u>04-01</u>	

Attachment 3.1-A

State of New Mexico  
PACE State Plan Amendment Pre-Print

Amount, Duration and Scope of Medical and Remedial Care Services Provided To the  
Categorically Needy

27. Program of All-Inclusive Care for the Elderly (PACE) services, as described in  
Supplement 3 to Attachment 3.1-A.

X Election of PACE: By virtue of this submittal, the State elects PACE as an  
optional State Plan service.

       No election of PACE: By virtue of this submittal, the State elects to not add  
PACE as an optional State Plan service.

UNPROCESSED IN 98-12

STATE <u>New Mexico</u>	A
DATE REC'D <u>5-15-04</u>	
DATE APPV'D <u>5-24-04</u>	
DATE EFF <u>6-1-04</u>	
HCFA 179 <u>04-01</u>	

Attachment 3.1-B

State of New Mexico  
PACE State Plan Amendment Pre-Print

Amount, Duration and Scope of Medical and Remedial Care Services Provided To the Medically  
Needy

27. Program of All-Inclusive Care for the Elderly (PACE) services, as described in  
Supplement 3 to Attachment 3.1-A.

☐ Election of PACE: By virtue of this submittal, the State elects PACE as an  
optional State Plan service.

☒ No election of PACE: By virtue of this submittal, the State elects to not add  
PACE as an optional State Plan service.

C. PERSEDES: TN- 98-12

STATE <u>New Mexico</u>	A
DATE REC'D <u>5-15-04</u>	
DATE APPV'D <u>5-24-04</u>	
DATE EFF <u>6-1-04</u>	
HCFA 179 <u>04-01</u>	

STATE <u>New Mexico</u>	A
DATE REC'D <u>5-15-04</u>	
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HCFA 179 <u>04-01</u>	

Supplement 3 to Attachment 3.1-A

State of New Mexico  
**PACE State Plan Amendment Pre-Print**

Name and address of State Administering Agency, if different from the State Medicaid Agency.  
Same

**I. Eligibility**

The State determines eligibility for PACE enrollees under rules applying to community groups.

A. X The State determines eligibility for PACE enrollees under rules applying to institutional groups as provided for in section 1902(a)(10)(A)(ii)(VI) of the Act (42 CFR 435.217 in regulations). The State has elected to cover under its State plan the eligibility groups specified under these provisions in the statute and regulations. The applicable groups are: **Individuals who meet nursing home financial and medical necessity criteria at a special income level to 300% of the SSI federal benefit. 42CFR 435.217.**

(If this option is selected, please identify, by statutory and/or regulatory reference, the institutional eligibility group or groups under which the State determines eligibility for PACE enrollees. Please note that these groups must be covered under the State's Medicaid plan.)

B.        The State determines eligibility for PACE enrollees under rules applying to institutional groups, but chooses not to apply post-eligibility treatment of income rules to those individuals. (If this option is selected, skip to II - Compliance and State Monitoring of the PACE Program.

C. X The State determines eligibility for PACE enrollees under rules applying to institutional groups, and applies post-eligibility treatment of income rules to those individuals as specified below. Note that the post-eligibility treatment of income rules specified below are the same as those that apply to the State's approved HCBS waiver(s).

**Regular Post Eligibility**

1. X SSI State. The State is using the post-eligibility rules at 42 CFR 435.726. Payment for PACE services is reduced by the amount remaining after deducting the following amounts from the PACE enrollee's income.

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 Supersedes

SUPERSEDES TN 98-12

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Approval Date 5-24-04  
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A

(a). Sec. 435.726--States which do not use more restrictive eligibility requirements than SSI.

1. Allowances for the needs of the:

(A.) Individual (check one)

1. The following standard included under the State plan

(check one):

(a) SSI

(b) Medically Needy

(c) X The special income level for the

institutionalized

(d) Percent of the Federal Poverty Level: %

(e) Other (specify):

2. The following dollar amount: \$

Note: If this amount changes, this item will be revised.

3. The following formula is used to determine the needs

allowance:

Note: If the amount protected for PACE enrollees in item 1 is equal to, or greater than the maximum amount of income a PACE enrollee may have and be eligible under PACE, enter N/A in items 2 and 3.

(B.) Spouse only (check one):

1. SSI Standard

2. Optional State Supplement Standard

3. Medically Needy Income Standard

4. The following dollar amount: \$

Note: If this amount changes, this item will be revised.

5. The following percentage of the following standard

that is not greater than the standards above: % of

6. The amount is determined using the following formula:

7. X Not applicable (N/A)

(C.) Family (check one):

1. AFDC need standard

SUPPLEMENTS - NONE - NEW PAGE

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## 2. \_\_\_\_\_ Medically needy income standard

The amount specified below cannot exceed the higher of the need standard for a family of the same size used to determine eligibility under the State's approved AFDC plan or the medically needy income standard established under 435.811 for a family of the same size.

3. \_\_\_\_\_ The following dollar amount: \$ \_\_\_\_\_  
Note: If this amount changes, this item will be revised.

4. \_\_\_\_\_ The following percentage of the following standard that is not greater than the standards above: \_\_\_\_\_ % of \_\_\_\_\_ standard.

5. \_\_\_\_\_ The amount is determined using the following formula:  
\_\_\_\_\_  
\_\_\_\_\_

6. \_\_\_\_\_ Other

7. NA Not applicable (N/A)

(2). Medical and remedial care expenses in 42 CFR 435.726.

**Regular Post Eligibility**

2. NA 209(b) State, a State that is using more restrictive eligibility requirements than SSI. The State is using the post-eligibility rules at 42 CFR 435.735. Payment for PACE services is reduced by the amount remaining after deducting the following amounts from the PACE enrollee's income.

(a) **42 CFR 435.735**--States using more restrictive requirements than SSI.

1. Allowances for the needs of the:

(A.) Individual (check one)

1. \_\_\_\_\_ The following standard included under the State plan (check one):

(a) \_\_\_\_\_ SSI

(b) \_\_\_\_\_ Medically Needy

(c) \_\_\_\_\_ The special income level for the institutionalized

(d) \_\_\_\_\_ Percent of the Federal Poverty Level: \_\_\_\_\_ %

(e) \_\_\_\_\_ Other (specify): \_\_\_\_\_

2. \_\_\_\_\_ The following dollar amount: \$ \_\_\_\_\_

Note: If this amount changes, this item will be revised.

3. \_\_\_\_\_ The following formula is used to determine the needs allowance:

SUPERSEDES. NONE - NEW PAGE  
TN No.: \_\_\_\_\_

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Note: If the amount protected for PACE enrollees in item 1 is **equal to, or greater than** the maximum amount of income a PACE enrollee may have and be eligible under PACE, **enter N/A in items 2 and 3.**

## (B.) Spouse only (check one):

1. ☐ The following standard under 42 CFR 435.121:  
\_\_\_\_\_
2. ☐ The Medically needy income standard  
\_\_\_\_\_
3. ☐ The following dollar amount: \$ \_\_\_\_\_  
Note: If this amount changes, this item will be revised.
4. ☐ The following percentage of the following standard that is not greater than the standards above: \_\_\_\_\_ % of \_\_\_\_\_ standard.
5. ☐ The amount is determined using the following formula:  
\_\_\_\_\_  
\_\_\_\_\_
6. ☐ Not applicable (N/A)

## (C.) Family (check one):

1. ☐ AFDC need standard
2. ☐ Medically needy income standard

The amount specified below cannot exceed the higher of the need standard for a family of the same size used to determine eligibility under the State's approved AFDC plan or the medically needy income standard established under 435.811 for a family of the same size.

3. ☐ The following dollar amount: \$ \_\_\_\_\_  
Note: If this amount changes, this item will be revised.
4. ☐ The following percentage of the following standard that is not greater than the standards above: \_\_\_\_\_ % of \_\_\_\_\_ standard.
5. ☐ The amount is determined using the following formula:  
\_\_\_\_\_  
\_\_\_\_\_
6. ☐ Other
7. ☐ Not applicable (N/A)

(b) Medical and remedial care expenses specified in 42 CFR 435.735.

**Spousal Post Eligibility**

SUPERSEDES: NONE - NEW PAGE

Supersedes

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3. X State uses the post-eligibility rules of Section 1924 of the Act (spousal impoverishment protection) to determine the individual's contribution toward the cost of PACE services if it determines the individual's eligibility under section 1924 of the Act. There shall be deducted from the individual's monthly income a personal needs allowance (as specified below), and a community spouse's allowance, a family allowance, and an amount for incurred expenses for medical or remedial care, as specified in the State Medicaid plan.

- (a.) Allowances for the needs of the:

1. Individual (check one)

- (A). X The following standard included under the State plan (check one):

1. \_\_\_\_\_ SSI
2. \_\_\_\_\_ Medically Needy
3. X The special income level for the institutionalized
4. \_\_\_\_\_ Percent of the Federal Poverty Level: \_\_\_\_\_ %
5. \_\_\_\_\_ Other (specify): \_\_\_\_\_

- (B).            The following dollar amount: \$

Note: If this amount changes, this item will be revised.

- (C)\_\_\_\_\_The following formula is used to determine the needs allowance:

If this amount is different than the amount used for the individual's maintenance allowance under 42 CFR 435.726 or 42 CFR 435.735, explain why you believe that this amount is reasonable to meet the individual's maintenance needs in the community:

SUPERSEDES. NONE - NEW PAGE

TN No.: \_\_\_\_\_  
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## II. Rates and Payments

A. The State assures CMS that the capitated rates will be equal to or less than the cost to the agency of providing those same fee-for-service State plan approved services on a fee-for-service basis, to an equivalent non-enrolled population group based upon the following methodology.

1. X Rates are set at a percent of fee-for-service costs
2.      Experience-based (contractors/State's cost experience or encounter date)(please describe)
3.      Adjusted Community Rate (please describe)
4.      Other (please describe)

B. The State Medicaid Agency assures that the rates were set in a reasonable and predictable manner. Please list the name, organizational affiliation of any actuary used, and attestation/description for the initial capitation rates.

The PACE UPL was developed in accordance with the Centers for Medicare and Medicaid checklist regarding PACE capitated programs. The PACE program covers individuals ages 55+ who have been identified as needing a nursing home level of care.

In summary, the State utilized multiple years of historical fee-for-service data representative of the population and State Plan services covered under the PACE program. The fee-for-service base data was adjusted according to the CMS PACE checklist for completion factors and pharmacy rebates. Completion factors were developed from the fee-for-service paid claims experience and were grouped by major category of service for improved predictability. Pharmacy rebates were based on historical rebates claimed by the State. Trend factors were developed using linear regression analysis of the historical fee-for-service data. The trend factors were applied to the adjusted base fee-for-service data and trended from the midpoint of the base period to the midpoint of the contract period. Programmatic changes were applied to the trended data to develop the upper payment limit (UPL) for the contract period.

The UPL's were developed for the Statewide region. The following Statewide rate category groups were used for the PACE UPL development:

- \* Non-Dual Eligibles 55 - 64 Years Old,
- \* Dual Eligibles 55 - 64 Years Old,
- Dual and Non-Dual Eligibles 65+ Years Old

SUPERSEDES: NONE - NEW PAGE  
Supersedes

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The state will pay fee-for-service, i.e., co-pay and deductible, for QMB only. Therefore, QMB only is not included in the rate development.

The rates were prepared by :  
 Mercer Government Human Services Consulting  
 Phoenix, AZ, US

C. The State will submit all capitated rates to the CMS Regional Office for prior approval.

### III. Enrollment and Disenrollment

The State assures that there is a process in place to provide for dissemination of enrollment and disenrollment data between the State and the State Administering Agency. The State assures that it has developed and will implement procedures for the enrollment and disenrollment of participants in the State's management information system, including procedures for any adjustment to account for the difference between the estimated number of participants on which the prospective monthly payment was based and the actual number of participants in that month.

SUPersedes. NONE - NEW PAGE

Supersedes

TN NO.: 04-01

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